

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

**WS-01025A
Ajo Improvement Company
PO Drawer 9
Ajo, AZ 85321**

RECEIVED

APR 18 2011

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water – Sewer

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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4-18-11

4-19-11

COMPANY INFORMATION

Company Name (Business Name)

Ajo Improvement Company

Mailing Address

PO Drawer 9

(Street)

Ajo

AZ

85321

(City)

(State)

(Zip)

520-229-6449

602-453-2848

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

Sergio_Moraila@fmi.com

Local Office Mailing Address

(same as above)

(Street)

(City)

(State)

(Zip)

520-387-2001

520-387-2012

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

MANAGEMENT INFORMATION

☐ Regulatory Contact:

☐ Management Contact:

Roy Archer

President

(Name)

(Title)

333 North Central Avenue

Phoenix

AZ

85004

(Street)

(City)

(State)

(Zip)

520-387-2010

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

On Site Manager:

Roy Archer

(Name)

PQ Drawer 9

Ajo

AZ

85321

(Street)

(City)

(State)

(Zip)

520-387-2010

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

Statutory Agent: _____		CT Corporation System	
		(Name)	
2394 E. Camelback Rd	Phoenix	AZ	85016
(Street)	(City)	(State)	(Zip)
602-277-4792			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Attorney: _____		Douglas N. Currault II	
		(Name)	
333 North Central Avenue	Phoenix	AZ	85004
(Street)	(City)	(State)	(Zip)
602-366-8093	602-366-7312		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input checked="" type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

WATER UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment	669,557	643,744	25,814
330	Distribution Reservoirs and Standpipes	25,779	20,104	5,675
331	Transmission and Distribution Mains	11,194,599	1,589,019	9,605,580
333	Services			
334	Meters and Meter Installations	674,427	37,374	637,053
335	Hydrants	1,847	253	1,595
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4,713	4,713	0
341	Transportation Equipment	527,962	281,358	246,604
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	32,154	30,852	1,302
348	Other Tangible Plant			
	TOTALS	13,131,037	2,607,415	10,523,622

This amount goes on the Balance Sheet Acct. No. 108

WATER CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment	669,557	0.002246	1,504
330	Distribution Reservoirs and Standpipes	25,779	0.053169	1,371
331	Transmission and Distribution Mains	11,194,599	0.022820	255,458
333	Services			
334	Meters and Meter Installations	674,427	0.020618	13,905
335	Hydrants	1,847	0.020007	37
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4,713	0	0
341	Transportation Equipment	527,962	0.072704	38,385
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	32,154	0.002239	72
348	Other Tangible Plant			
	TOTALS	13,131,037	0.023664	310,731

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

SEWER UTILITY PLANT IN SERVICE

Acct. No.	DECRPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force	690,001	52,993	637,007
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.	302,182	70,291	231,891
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment	98,893	51,928	46,965
393	Tools, Shop and Garage Equip.	30,284	30,284	0
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	1,121,359	205,496	915,863

This amount goes on the Balance Sheet Acct. No. 108

SEWER CALCULATION OF DEPRECIATION EXPENSE

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force	690,001	0.033333	23,000
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.	302,182	0.033334	10,073
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment	98,863	0.097879	9,680
393	Tools, Shop and Garage Equip.	30,284	0.100000	3,028
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	1,121,359	0.040826	45,781

This amount goes on the Comparative Statement of Income and Expense Acct. 403

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 31,827	\$ 9,381
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	390,192	317,260
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	92,443	128,764
162	Prepayments	32,975	19,834
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 547,437	\$ 475,239
	Long-term Non Recurring Receivable – Other	\$ 308,623	\$ 105,890
	FIXED ASSETS		
101	Utility Plant in Service	\$ 15,492,940	\$ 20,476,515
103	Property Held for Future Use		
105	Construction Work in Progress	5,483,934	8,054,639
108	Accumulated Depreciation – Utility Plant	(3,371,257)	(3,934,760)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 17,605,617	\$ 24,596,394
	TOTAL ASSETS	\$ 18,461,678	\$ 25,177,522

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

* Amounts represent the three departments: Electric, Water & Sewer.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 1,258,267	\$ 514,848
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	5,149,775	15,045,147
235	Customer Deposits		
236	Accrued Taxes	80,827	133,455
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 6,488,868	\$ 15,693,450
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 0	\$ 0
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 392,000	\$ 392,000
211	Paid in Capital in Excess of Par Value	24,275,044	24,275,044
215	Retained Earnings	(12,694,234)	(15,182,971)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 11,972,810	\$ 9,484,072
	TOTAL LIABILITIES AND CAPITAL	\$ 18,461,678	\$ 25,177,522

* Amounts represent the three departments: Electric Water and Sewer.

WATER COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 589,600	\$ 568,350
460	Unmetered Water Revenue		
474	Other Water Revenues	4,291	8,575
	TOTAL REVENUES	\$ 593,890	\$ 576,925
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 193,544	\$ 121,073
610	Purchased Water	1,382,693	1,175,833
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	28,383	8,289
621	Office Supplies and Expense	6,974	18,216
630	Outside Services	54,717	183,667
635	Water Testing		
641	Rents	14,575	7,663
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	145,610	143,297
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	40,296	64,188
403	Depreciation Expense	191,575	310,731
408	Taxes Other Than Income		
408.11	Property Taxes	45,764	31,657
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 2,104,131	\$ 2,064,615
	OPERATING INCOME/(LOSS)	\$ (1,510,241)	\$ (1,487,690)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ (1,510,241)	\$ (1,487,690)

COMPANY NAME: Ajo Improvement Company

SEWER COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
521	Flat Rate Revenues	\$ 225,497	\$ 226,476
522	Measured Revenues		
536	Other Wastewater Revenues	6,112	5,500
	TOTAL REVENUES	\$ 231,609	\$ 231,976
	OPERATING EXPENSES		
701	Salaries and Wages	\$ 228,767	\$ 158,027
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power		
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	36,004	27,211
731	Contractual Services – Professional	124,644	134,893
735	Contractual Services – Testing		
736	Contractual Services – Other		
740	Rents	15,000	29,683
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775	Miscellaneous Expense	23,424	38,603
403	Depreciation Expense	43,448	45,781
408	Taxes Other Than Income		
408.11	Property Taxes	19,573	8,989
409	Income Taxes		
	TOTAL OPERATING EXPENSES	\$ 490,860	\$ 443,187
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/EXPENSE	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ (259,252)	\$ (211,211)

COMPANY NAME: Ajo Improvement Company

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	None	None	None	None
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 0

Meter Deposits Refunded During the Test Year

\$ 0

COMPANY NAME: Ajo Improvement Company	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
None						

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Freeport McMoRan Copper & Gold (Ajo Operations)	1,050	

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A		133	0

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
500,000	4	N/A	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Ajo Improvement Company	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	Copper/Plastic	2,100/300
3	Cast Iron	1,200
4	Plastic/Steel	900/1,200
5	Cast Iron	7,600
6	Cement ASBE/Plastic	11,300/600
8	Steel/Cast Iron	600/9,500
10	Cement ASBE/Ductile Iron	11,400/13,060
12	Cement ASBE/Ductile Iron	3,300/3,900

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	1,061
3/4	
1	24
1 1/2	2
2	16
Comp. 3	
Turbo 3	6
Comp. 4	
Turbo 4	3
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Three (3) filter vessels using Activated Alumina as a filter medium. 10’ diameter x 24’ height.

STRUCTURES:

One (1) Operator Control Room 10’ X 20’

OTHER:

None

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Ajo Improvement Company	
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1,119	10,364	13,563	12,122
FEBRUARY	1,117	7,862	10,470	9,316
MARCH	1,141	10,347	15,085	13,095
APRIL	1,142	12,389	16,120	13,143
MAY	1,114	12,937	19,654	16,446
JUNE	1,114	18,675	29,652	22,998
JULY	1,109	16,344	25,631	18,151
AUGUST	1,106	14,645	27,482	15,916
SEPTEMBER	1,115	17,727	26,886	23,795
OCTOBER	1,120	13,770	17,746	13,849
NOVEMBER	1,119	10,751	18,487	16,924
DECEMBER	1,120	12,072	14,659	12,625
TOTALS →		157,883	*235,435	188,380

* Water pumped belongs to Freeport McMoran (Ajo Operations) and is sold to Ajo Improvement Company.

What is the level of arsenic for each well on your system? _____N/A_____mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1,500_GPM for _2_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Ajo Improvement Company	
Name of System:	Wastewater Inventory Number (if applicable):

WASTEWATER COMPANY PLANT DESCRIPTION
TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	Anaerobic Lagoon
DESIGN CAPACITY OF PLANT (Gallons Per Day)	400,000 +/-

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
11 th Street	2	7.5	125	47,000

FORCE MAINS

Size	Material	Length (Feet)
4-inch	Steel	2,000
6-inch	N/A	

MANHOLES

Type	Quantity
Standard	232
Drop	N/A

CLEANOUTS

Quantity
None

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Ajo Improvement Company	
Name of System:	Wastewater Inventory Number (if applicable):

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS			SERVICES		
Size (in inches)	Material	Length (in feet)	Size (in inches)	Material	Quantity
4	Clay Tile/ Cement ASBES	3,200/2,100	4	Red Clay & Transit	1,200
6	Clay Tile	25,200	6		
8	Cement ASBES/ Clay Tiles	36,900/ 400	8		
10	Cement ASBES/ Clay Tiles	9,300/ 1,000	12		
12	Clay Tile/ Cement ASBES	2,800/ 800	15		
15					
18					
21					
24					
30					

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY
PER WASTEWATER SYSTEM**

SOLIDS PROCESSING AND HANDLING FACILITIES	Waste Water Treatment Plant
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	N/A
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
STRUCTURES (Buildings, Fences, Etc.)	6’ Chain Link Enclosed
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.	One 3-phase 240V – 480 Portable Unit

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Ajo Improvement Company	
Name of System:	Wastewater Inventory Number (if applicable):

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
January	1,085	4,981,700	299,300
February	1,082	3,637,100	209,800
March	1,105	4,167,300	215,000
April	1,106	3,100,600	181,800
May	1,075	2,541,800	179,200
June	1,075	3,110,100	186,100
July	1,071	2,840,100	193,700
August	1,068	3,042,560	168,100
September	1,078	3,095,800	181,900
October	1,084	3,551,200	220,300
November	1,083	3,117,500	180,300
December	1,084	3,775,400	258,600

**PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE
PER WASTEWATER SYSTEM**

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Evaporation Pond
Groundwater Permit Number	101,678
ADEQ Aquifer Protection Permit Number	N/A
ADEQ Reuse Permit Number	101,678
EPA NPDES Permit Number	40-100

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Ajo Improvement Company	
Name of System:	ADEQ Public Water System Number:

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	None	0	None
FEBRUARY	None	0	None
MARCH	None	0	None
APRIL	None	0	None
MAY	None	0	None
JUNE	None	0	None
JULY	None	0	None
AUGUST	None	0	None
SEPTEMBER	None	0	None
OCTOBER	None	8	None
NOVEMBER	None	4	None
DECEMBER	None	6	None
TOTALS →		18	

OTHER (description):

COMPANY NAME: Ajo Improvement Company	
Name of System:	Wastewater Inventory Number (if applicable):

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2- 609.B	Termination with Notice R14-2- 609.C	OTHER
JANUARY	None	0	None
FEBRUARY	None	0	None
MARCH	None	0	None
APRIL	None	0	None
MAY	None	0	None
JUNE	None	0	None
JULY	None	0	None
AUGUST	None	0	None
SEPTEMBER	None	0	None
OCTOBER	None	8	None
NOVEMBER	None	4	None
DECEMBER	None	6	None
TOTALS →		18	

OTHER (description):

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$**130,621**

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

ACCUTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
Pima
NAME (OWNER OR OFFICIAL) TITLE
Roy Archer, President
COMPANY NAME
Ajo Improvement Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

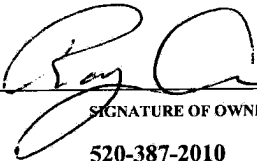
MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

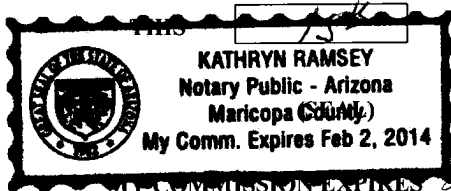


SIGNATURE OF OWNER OR OFFICIAL
520-387-2010

TELEPHONE NUMBER

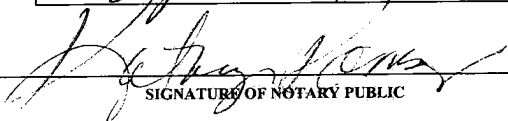
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF

COUNTY NAME	<u>Maricopa</u>
MONTH	<u>April</u>
	<u>2011</u>



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME: Ajo Improvement Company **YEAR ENDING** 12/31/2010

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported **Ajo Improvement Company consolidates with its parent company, Freeport McMoRan Copper & Gold**

Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported Same as above _____

Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances N/A _____

Amount of Gross-Up Tax Collected N/A _____

Total Grossed-Up Contributions/Advances N/A _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year’s annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
7-27-11
ACCUTILITIES DIRECTOR

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
Pima
NAME (OWNER OR OFFICIAL) TITLE
Roy Archer, President
COMPANY NAME
Ajo Improvement Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 808,901

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 57,432
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



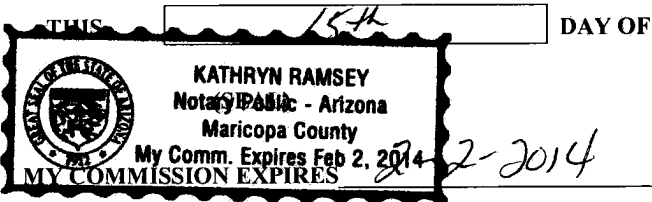
SIGNATURE OF OWNER OR OFFICIAL
602-366-8173

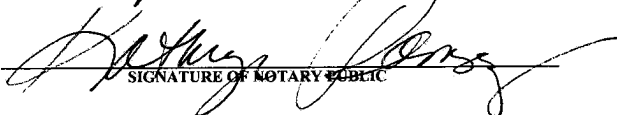
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	<u>Maricopa</u>	
MONTH	<u>April</u>	<u>2011</u>





SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 11 2011
ACCUITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) PIMA	
NAME (OWNER OR OFFICIAL) Roy Archer	TITLE: President
COMPANY NAME Ajo Improvement Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

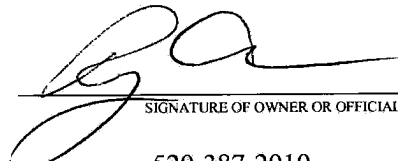
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>475,196</u>

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 33,739
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SIGNATURE OF OWNER OR OFFICIAL

520-387-2010

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

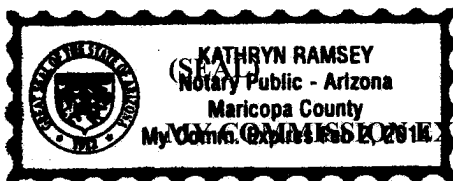
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

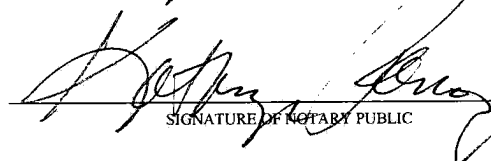
<u>15th</u>

DAY OF

NOTARY PUBLIC NAME <u>Kathryn Ramsey</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	20 <u>11</u>



My Comm. Expires 2-2-2014



SIGNATURE OF NOTARY PUBLIC